

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA,)	CRIM. NO. 04-30046-MAP
)	
vs.	)	VIOLATIONS:
)	
1. ALBERT INNARELLI,	)	18 U.S.C. §§ 1343 and 2 -
2. MICHAEL BERGDOLL,	)	Wire Fraud and Aiding and
3. ANTHONY MATOS,	)	Abetting (Counts One through
4. PASQUALE ROMEO,	)	Sixty-Eight)
5. WILFRED CHANGASIE,)	
6. THEODORE JARRETT,	)	18 U.S.C. §§ 1956(h) and 1957 -
7. MARK MCCARTHY,	)	Conspiracy to Launder Money
8. JAMES SMITH,	)	(Count Sixty-Nine)
9. LAWRENCE LYNCH,)	
10. EDGAR CORONA,	)	18 U.S.C. § 982 - Forfeiture
11. KATHRYN ZEPKA,	)	Allegation
12. JONATHAN FREDERICK, and)	
13. JOSEPH SULLIVAN,)	
)	
<u>Defendants.</u>)	

The Grand Jury charges:

SUPERSEDING INDICTMENT

COUNT ONE: Title 18, United States Code, Sections 1343 and 2
- Wire Fraud and Aiding and Abetting

Introduction

Entities and Parties Involved

At all times relevant to this Indictment:

1. Albert Innarelli (hereinafter referred to as "Innarelli") formerly worked as a licensed attorney at 95 State Street, Springfield, MA, and primarily handled real estate matters. Innarelli typically represented the lending

institutions during real estate closings and, therefore, Innarelli owed a fiduciary duty to those lending institutions. As a licensed attorney, Innarelli also maintained an IOLTA account into which all client funds were to be deposited.

2. Michael Bergdoll (hereinafter referred to as "Bergdoll") bought and sold real estate in the greater Springfield area. Bergdoll used several corporate entities, such as Northeast Property Consultants, Ridgewood Properties, and Hi-Fi Corporation, to purchase and sell real estate. Bergdoll also owned and operated Bergdoll Home Improvement.

3. Anthony Matos (hereinafter referred to as "Matos") bought and sold real estate in the greater Springfield area. Matos used several corporate entities, such as New England Wholesalers, Elite Auto Center, and First Empire Realty, to purchase and sell real estate.

4. Pasquale Romeo (hereinafter referred to as "Romeo") bought and sold real estate in the greater Springfield area. Romeo used several corporate entities, such as Tiffy Corporation, to purchase and sell real estate. Romeo was also a partner of Bergdoll in Hi-Fi Corporation.

5. Wilfred Changasie (hereinafter referred to as "Changasie") assisted various co-conspirators in the purchase and sale of real estate in the greater Springfield area. Over time, Changasie became a partner with various co-conspirators in the

purchase and sale of real estate.

6. Theodore Jarrett (hereinafter referred to as "Jarrett") formerly worked as the branch manager of Equicredit Corporation located in West Springfield, Massachusetts. Jarrett assisted Bergdoll, Romeo, Matos and other co-conspirators in obtaining loans for prospective buyers through Equicredit Corporation.

7. Mark McCarthy (hereinafter referred to as "McCarthy") formerly worked as a mortgage broker for Ivy Mortgage. McCarthy assisted Bergdoll, Romeo, Matos and other co-conspirators in obtaining loans for prospective buyers through Equicredit Corporation and other lending institutions. McCarthy also owned RCML, Inc., an entity that also purchased and sold real estate in the greater Springfield area.

8. James Smith (hereinafter referred to as "Smith") formerly owned Springfield Mortgage. Smith assisted Bergdoll, Romeo, Matos and other co-conspirators in obtaining loans for prospective buyers through Equicredit Corporation and other lending institutions.

9. Lawrence Lynch (hereinafter referred to as "Lynch") owns Affordable Mortgage. Lynch assisted Bergdoll, Romeo, Matos and other co-conspirators in obtaining loans for prospective buyers through Equicredit Corporation and other lending institutions. Lynch was also a partner with Romeo in Tiffy

Corporation and invested in the purchase and sale of real estate with various co-conspirators.

10. Edgar Corona (hereinafter referred to as "Corona") assisted various co-conspirators in the purchase and sale of real estate in the greater Springfield area. Over time, Corona became a partner with various co-conspirators in the purchase and sale of real estate individually and through EC Home Sales.

11. Kathryn Zepka (hereinafter referred to as "Zepka") formerly worked as a mortgage broker for Metro Mortgage, Inc. and assisted Matos and other co-conspirators in obtaining loans for prospective buyers through various lending institutions.

12. Jonathan Frederick (hereinafter referred to as "Frederick") works as a real estate appraiser and formerly owned WestSide Appraisal. Frederick performed appraisals on behalf of Equicredit Corporation and other lending institutions.

13. Joseph Sullivan (hereinafter referred to as "Sullivan") currently owns Sullivan Appraisals and works as a real estate appraiser. Sullivan performs appraisals on behalf of various lending institutions.

The Scheme to Defraud

14. From approximately 1995, the exact beginning date being unknown to the Grand Jury, and continuing thereafter through at least May, 2002, in the District of Massachusetts and elsewhere,

**ALBERT INNARELLI,
MICHAEL BERGDOLL,**

ANTHONY MATOS,
PASQUALE ROMEO,
WILFRED CHANGASIE,
THEODORE JARRETT,
MARK MCCARTHY,
JAMES SMITH,
LAWRENCE LYNCH,
EDGAR CORONA,
KATHRYN ZEPKA,
JONATHAN FREDERICK, and
JOSEPH SULLIVAN

defendants herein, having devised a scheme and artifice to defraud and obtain money from various lending institutions by means of false pretenses, representations, and promises, and material omissions, did cause to be transmitted in interstate commerce by wire loan proceeds for the purpose of executing, and attempting to execute, the said scheme and artifice to defraud in violation of Title 18, United States Code, Sections 1343.

The Object of the Scheme to Defraud

The objects of the scheme to defraud included, but were not limited to, the following:

15. to fraudulently obtain money from various lending institutions by means of false and fraudulent pretenses, representations, and promises and material omissions contained in, among other things, loan applications, employment documents, down payment documents, second mortgages, HUD Settlement Statements and other real estate closing documents.

16. to conceal and perpetuate the scheme to defraud through, among other things, the use of false representations,

cash payments, hidden ownership interests in real estate, and structuring of financial instruments.

The Means and Methods of the Scheme to Defraud

The means and methods of the scheme to defraud included, but were not limited to, the following:

17. Bergdoll, Romeo, Matos and other co-conspirators purchased distressed properties typically located within low-income neighborhoods and re-sold the properties rapidly at artificially inflated values. The defendants and other co-conspirators commonly used individuals known as "runners" to recruit prospective buyers and paid finder's fees averaging approximately \$2,000.00 to such individuals for the successful sale of property.

18. As an inducement to the prospective buyers, the defendants and other co-conspirators represented to prospective buyers that they would not have to make any down payments even though the lending institutions typically required a buyer to make such a down payment. In addition, the defendants and other co-conspirators promised prospective buyers money back at the time of a real estate closing or represented that they would make certain repairs to a property prior to the closing.

19. Bergdoll, Romeo, Matos and other co-conspirators, who had established business relationships with Jarrett, Smith, McCarthy, Lynch, Zepka and other mortgage brokers, referred many

of these prospective buyers to them for loans. Since many of the prospective buyers did not have the financial wherewithal to qualify for loans, the defendants and other co-conspirators generated and then processed false and fraudulent loan applications and other documentation through various lending institutions to obtain loans for the prospective buyers.

20. For example, the defendants and other co-conspirators generated false and fraudulent documentation that made it appear as if the prospective buyers made down payments that were never really made. The defendants and other co-conspirators generated false and fraudulent income information that artificially inflated the true income of the prospective buyers. The defendants and other co-conspirators created false and fraudulent documentation to show improvements to the properties that were never made. The defendants and other co-conspirators generated bogus second mortgages to assist in securing loans from the lending institutions. The defendants and other co-conspirators also created false and fraudulent appraisals to support the loan amounts for artificially inflated property values. In exchange, the mortgage brokers and appraisers received not only continued business, but also "incentive" payments such as cash or hidden interests in real estate deals.

21. Once the various lending institutions approved the loan applications of the prospective buyers, Bergdoll, Romeo, Matos

and other co-conspirators referred the prospective buyers to Innarelli and other attorneys. Innarelli generated false and fraudulent real estate closing documentation to facilitate and conceal the fraud. In exchange, Innarelli received not only continued business, but also "incentive" payments such as cash or hidden interests in real estate deals. In addition, Innarelli, anticipating the various lending institutions' foreclosures upon unqualified buyers, withheld real estate and utility payments owed by buyers at the closing and kept said payments for his own personal use.

22. Innarelli then received the loan proceeds from the various out-of-state lending institutions via wire transfer into his IOTLA account. Innarelli subsequently disbursed the net profits from the fraudulent real estate transactions by issuing checks out of his IOLTA account to the defendants and other co-conspirators. Innarelli then mailed a complete real estate closing file back to the lending institution that had funded a particular loan. The defendants and their co-conspirators then used their profits derived from the scheme to defraud to re-invest in the purchase of more real estate.

The Wire Fraud

23. On or about the dates listed below, in the District of Massachusetts and elsewhere,

**ALBERT INNARELLI,
MICHAEL BERGDOLL,**

ANTHONY MATOS,
 PASQUALE ROMEO,
 WILFRED CHANGASIE,
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 JAMES SMITH,
 LAWRENCE LYNCH,
 EDGAR CORONA,
 KATHRYN ZEPKA,
 JONATHAN FREDERICK, and
 JOSEPH SULLIVAN

defendants herein, having devised the above-described scheme and artifice to defraud and obtain money by means of false pretenses, representations, and promises, and material omissions, did cause the following lending institutions to transmit in interstate commerce by wire the following approximate amounts of loan proceeds for the purpose of executing, and attempting to execute, the said scheme and artifice to defraud.

<u>Count</u>	<u>Date</u>	<u>Defendant</u>	<u>Act of Wire Fraud</u>
1	09/09/99	BERGDOLL ROMEO INNARELLI	fraudulently caused Avondale Funding Corporation to wire approximately \$66,400.00 into INNARELLI's IOLTA account for the sale of 28-30 Bay Street, Springfield, MA
2	09/10/99	BERGDOLL MATOS SMITH SULLIVAN INNARELLI	fraudulently caused Aames Funding Corporation to wire approximately \$58,400.00 into INNARELLI's IOLTA account for the sale of 15 Forest Street, Springfield, MA
3	09/16/99	JARRETT MCCARTHY INNARELLI	fraudulently caused Equicredit to wire approximately \$73,140.00 into INNARELLI's IOLTA account for the sale of 149 Bowles Street, Springfield, MA

4	09/23/99	MATOS JARRETT SMITH INNARELLI	fraudulently caused Equicredit to wire approximately \$80,030.00 into INNARELLI's IOLTA account for the sale of 96 Kensington Street, Springfield, MA
5	09/23/99	BERGDOLL JARRETT SMITH FREDERICK INNARELLI	fraudulently caused Equicredit to wire approximately \$73,825.00 into INNARELLI's IOLTA account for the sale of 70-72 Alderman Street, Springfield, MA
6	10/06/99	MATOS JARRETT SMITH FREDERICK INNARELLI	fraudulently caused Equicredit to wire approximately \$57,825.00 into INNARELLI's IOLTA account for the sale of 29 Warriner Avenue, Springfield, MA
7	11/17/99	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit to wire approximately \$75,715.00 into INNARELLI's IOLTA account for the sale of 30-32 Austin Street, Springfield, MA
8	12/01/99	MATOS JARRETT FREDERICK INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$75,420.00 into INNARELLI's IOLTA account for the sale of 100 Wilmont Street, Springfield, MA
9	12/03/99	BERGDOLL MATOS JARRETT SMITH SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$61,025.00 into INNARELLI's IOLTA account for the sale of 111 King Street, Springfield, MA
10	12/07/99	BERGDOLL MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$66,400.00 into INNARELLI's IOLTA account for the sale of 189-191 Maynard Street, Springfield, MA

11	12/09/99	MATOS SULLIVAN INNARELLI	fraudulently caused Alliance Funding Corporation to wire approximately \$65,700.00 into INNARELLI's IOLTA account for the sale of 170 Massasoit Street, Springfield, MA
12	12/10/99	MATOS SULLIVAN INNARELLI	fraudulently caused AccuBanc Mortgage Corporation to wire approximately \$99,000.00 into INNARELLI's IOLTA account for the sale of 241 Oak Street, Holyoke, MA
13	12/29/99	BERGDOLL JARRETT FREDERICK INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$58,075.00 into INNARELLI's IOLTA account for the sale of 89 Mapledell Street, Springfield, MA
14	12/31/99	CHANGASIE JARRETT MCCARTHY FREDERICK INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$64,000.00 into INNARELLI's IOLTA account for the sale of 86 Merrill Street, Springfield, MA
15	01/10/00	MATOS INNARELLI	fraudulently caused Countrywide Home Loans to wire approximately \$83,313.00 into INNARELLI's IOLTA account for the sale of 851 Chicopee Street, Chicopee, MA
16	01/18/00	CHANGASIE JARRETT MCCARTHY FREDERICK INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$69,810.00 into INNARELLI's IOLTA account for the sale of 34 Daytona Street, Springfield, MA
17	01/25/00	BERGDOLL MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$72,375.00 into INNARELLI's IOLTA account for the sale of 21 Marble Street, Springfield, MA

18	01/27/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$68,800.00 into INNARELLI's IOLTA account for the sale of 152-154 King Street, Springfield, MA
19	02/25/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$73,850.00 into INNARELLI's IOLTA account for the sale of 95-97 Genesee Street, Springfield, MA
20	02/28/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$89,950.00 into INNARELLI's IOLTA account for the sale of 121 Cedar Street, Springfield, MA
21	03/07/00	BERGDOLL MATOS MCCARTHY FREDERICK INNARELLI	fraudulently caused Diverse American Mortgage Company to wire approximately \$63,750.00 into INNARELLI's IOLTA account for the sale of 189 Bay Street, Springfield, MA
22	03/08/00	JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$69,820.00 into INNARELLI's IOLTA account for the sale of 935 Carew Street, Springfield, MA
23	03/13/00	BERGDOLL MATOS JARRETT MCCARTHY SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$74,737.00 into INNARELLI's IOLTA account for the sale of 130-132 Johnson Street, Springfield, MA
24	03/17/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$93,600.00 into INNARELLI's IOLTA account for the sale of 219 Gresham Street, Springfield, MA

25	04/14/00	MATOS INNARELLI	fraudulently caused Diverse American Mortgage Company to wire approximately \$59,250.00 into INNARELLI's IOLTA account for the sale of 328 Gilbert Avenue, Springfield, MA
26	04/28/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$78,400.00 into INNARELLI's IOLTA account for the purchase of 13-15 Maple Street, Westfield, MA
27	05/17/00	BERGDOLL MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$58,800.00 into INNARELLI's IOLTA account for the sale of 170-172 Center Street, Springfield, MA
28	05/25/00	MATOS JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$82,560.00 into INNARELLI's IOLTA account for the sale of 88 Cleveland Street, Springfield, MA
29	05/30/00	BERGDOLL ROMEO JARRETT SULLIVAN INNARELLI	fraudulently caused Equicredit to wire approximately \$63,000.00 into INNARELLI's IOLTA account for the sale of 34 Cambridge Street, Springfield, MA
30	06/06/00	BERGDOLL MATOS ROMEO INNARELLI	fraudulently caused Alliance Funding to wire approximately \$66,750.00 into INNARELLI's IOLTA account for the sale of 32-34 Ozark Street, Springfield, MA
31	06/12/00	BERGDOLL MATOS ROMEO SULLIVAN INNARELLI	fraudulently caused Alliance Funding to wire approximately \$53,550.00 into INNARELLI's IOLTA account for the sale of 51 Winthrop Street, Springfield, MA

32	06/09/00	BERGDOLL MATOS SULLIVAN INNARELLI	fraudulently caused National City Mortgage to wire approximately \$78,300.00 into INNARELLI's IOLTA account for the sale of 21-27 Putnam Circle, Springfield, MA
33	06/23/00	JARRETT MCCARTHY SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$70,200.00 into INNARELLI's IOLTA account for the sale of 172 Quincy Street, Springfield, MA
34	06/30/00	BERGDOLL ROMEO JARRETT INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$76,870.00 into INNARELLI's IOLTA account for the sale of 71 Thompson Street, Springfield, MA
35	07/25/00	MATOS SULLIVAN INNARELLI	fraudulently caused Great Atlantic Corporation to wire approximately \$54,600.00 into INNARELLI's IOLTA account for the sale of 20 Montmorenci Street, Springfield, MA
36	07/25/00	MATOS SULLIVAN INNARELLI	fraudulently caused National City Mortgage to wire approximately \$77,900.00 into INNARELLI's IOLTA account for the sale of 102 Gilbert Avenue, Springfield, MA
37	08/23/00	JARRETT MCCARTHY SULLIVAN INNARELLI	fraudulently caused Equicredit Corporation to wire approximately \$85,500.00 into INNARELLI's IOLTA account for the sale of 108 Ranney Street, Springfield, MA